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TAGS: [PREL](#) [PGOV](#) [PARM](#) [UP](#)
SUBJECT: UKRAINE: MOROZ AS SPEAKER;
REGIONS-SOCIALIST-COMMUNIST COALITION UNDER PM YANUKOVYCH
TO COME?

REF: KIEV 2461

Classified By: DCM Sheila Gwaltney, reason 1.4 (b,d)

11. (SBU) Summary: In a maneuver which stunned Our Ukraine (OU) and Tymoshenko Bloc (BYuT) only hours after they had reached agreement with Party of Regions on a division of responsibilities between the majority and opposition forces in the Rada (parliament) to end Regions' 10-day blockade of the Rada, erstwhile "Coalition of Democratic Forces" member the Socialists allied with Regions and the Communists to elect Socialist Leader Oleksandr Moroz Speaker late in the evening July 6. Ex-deputy Socialist leader Vinsky, who resigned from his party position (but not his Rada seat) July 6 to protest the coming "traitorous" actions of Moroz, laid the blame for the collapse of the orange coalition on the shoulders of Yushchenko and Moroz--Yushchenko for not immediately signing the coalition agreement on election night, March 26, and allowing the coalition negotiations to take months, and Moroz for "betraying everything" the Socialists and their electorate stood for in his deal with Regions.

12. (SBU) The election of Moroz as Speaker proved a prelude to a tentatively planned new Rada majority of Regions-Socialists-Communists intended to replace the previous BYuT-OU-Socialist majority created June 22 (reftel). The Rada adjourned mid-day July 7 until Tuesday, July 11, to give parties time to negotiate a new coalition. Regions left the door open to the possibility that elements of OU and BYuT could join the new coalition, amidst some signs that OU, or at least some elements, would try to do so. At the same time, however, Regions announced that Regions-Socialists-Communists would be the basis for the new majority and that Viktor Yanukovich was Regions' choice for PM. Moroz told the press late July 7, on his way to the Rada for a joint meeting with Regions, that the Socialist Political Council had just endorsed joining a "broad coalition," without defining what that coalition would be.

13. (C) Comment: The political earthquake continues to rattle Ukraine's political landscape late July 7; Our Ukraine and BYuT were left flat-footed and stunned July 6, unable to comprehend what was unfolding. A theoretical Our Ukraine decision in the coming days to join a broad coalition could lead Regions to drop the Communists in the Regions-led coalition, significantly changing its makeup. Our Ukraine should have seen Moroz' move coming, since he consistently told them the Socialists would not support Poroshenko as Speaker--as recently as the morning of July 6, when he offered Socialists' support for anyone but Poroshenko. Moroz' ambition to return as Speaker (he served as Speaker from 1994-98) and desire to push his personal causes of parliamentarism and political reform, combined with Regions' money and wile and Our Ukraine's self-defeating support of Poroshenko, ultimately made the difference. While many will

debate "who lost the orange coalition," Vinsky's first take - assigning principal blame to Yushchenko and Moroz -- will likely stand the test of time. End Comment and Summary

BYuT and OU outfoxed by Moroz and Regions

¶4. (SBU) Regions has been confident since the March 26 elections that no orange coalition would take office, despite the June 22 establishment "Coalition of Democratic Forces" formal Rada majority (reftel). With their 10 day blockade of the Rada buying time, ensuring a sec-ret vote for Speaker, and keeping the attention of Our Ukraine and BYuT distracted on a complicated roundtable agreement between the majority and the opposition, Regions took advantage of the personal ambition of Socialist Leader Moroz and deep antipathy for OU nominee for Speaker Petro Poroshenko to wreck the so-called "Orange" coalition. After OU nominated Poroshenko as Speaker and Regions nominated Mykola Azarov to stand against Poroshenko, the Socialists held a mid-afternoon session July 6 to support common cause with Regions. With BYuT and Our Ukraine worried that Azarov might secure the necessary 226 votes to be elected Speaker, the Socialists nominated Moroz as well. OU then withdrew Poroshenko's name and begged the Socialists to do likewise with Moroz. Regions and the Communists threw their votes behind Moroz instead. In the end, all 238 MPs who picked up ballots voted for Moroz, including two MPs from OU, Zaplatinsky (former SPDU), and Volkov (Ex-Soviet basketball gold medallist linked by the media to RosUkrEnergo frontman Dmytro Firtash).

¶5. (C) The speed and deftness of the maneuvering late July 6 left well-informed members of Our Ukraine, BYuT, and the media stunned, literally unable to comprehend what was

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unfolding. At the Embassy's Independence Day reception, Acting Foreign Minister Tarasyuk (a member of OU's Political Council), BYuT MP and Tymoshenko foreign policy adviser Hrihoriy Nemyria, and Yuliya Mostova, the country's leading political journalist, all refused to believe at 2030 hours that Regions and the Communists would vote in support of Moroz less than an hour later, and that the vote would serve as a prelude to a Regions-Socialist-Communist accommodation. All felt Moroz' maneuver was aimed at knocking out Poroshenko's candidacy, that Moroz and Azarov would split the initial vote, and that the orange parties would have the night to reconsider options. Tarasyuk somewhat sheepishly acknowledged that Moroz had told them that morning that the Socialists would support any OU nominee save Poroshenko, but if OU insisted on tabling Poroshenko's name, the Socialists would not support him. He added that in retrospect he was surprised at how quickly Regions had unblocked the Rada that morning. Tarasyuk and Nemyria both held out hope that even if Moroz were to be elected with Regions/Communist support, he might double-cross Regions on July 7 and return to the orange camp rather than form a government with Regions. A Moroz call to Tymoshenko later in the evening July 6 suggesting that he would still be willing to support her as PM if BYuT and OU backed him as speaker--described by Nemyria to Ambassador--bolstered such hopes.

¶6. (C) In contrast, Acting Interior Minister Yuri Lutsenko, a member of the Socialist Party Political Council, had warned Ambassador July 5 that a Socialist accommodation with Regions and the Communists was under active consideration. Longtime Moroz' staffer Olena Nikulina confirmed this possibility to us July 5 and 6, telling us privately that she was absolutely appalled at Moroz' ambition and willingness to destroy not only the Coalition of Democratic Forces but the values the Socialist Party stood for, all to achieve his desire to return as Speaker. Nikulina had previously told us June 22, just prior to the signing of the coalition document between OU, BYuT, and the Socialists, that Moroz had told the Socialist caucus earlier June 22 that if OU-BYuT-Socialists did not conclude the coalition agreement that day, the

Socialists would cooperate with Regions. What seemed at the time OBEd within 45 minutes now appears prescient in hindsight.

Moroz as Speaker - plowing forward with Regions

17. (U) In his introductory remarks as Speaker late July 6, Moroz suggested that the developments were not entirely unexpected for him, drawing hisses from BYuT and OU MPs. He stressed his desire to promote parliamentarism and ensure political reform, his long-standing personal crusades. Moroz opened his first session as Rada Speaker July 7 with proposals on the table for the Rada to break until July 11 or, alternatively, to elect the two Deputy Rada Speakers. While Regions was in favor of an immediate vote on deputy speakers, the Rada eventually agreed to adjourn until July 11 to allow parties time to negotiate a new Rada majority and coalition agreement.

18. (U) Within hours, Regions' deputy leader Kushnaryov announced that the Regions' Political Council had approved the formation of a new coalition based on the Regions-Socialist-Communist bloc which had elected Moroz Speaker and that Yanukovych would be Regions' nominee for PM.

Kushnaryov left the door open to "rational" elements of OU or BYuT to join this new coalition, but said the Regions-Socialists-Communists would hold a joint caucus at the Rada late on July 7 to move forward. In his midnight press conference denouncing Moroz as a traitor, Vinsky had vowed to attempt to convince the Socialist Political Council July 7 to stay true to its ideals and reject Moroz' deal with Regions. Lutsenko, a member of the Socialists' ruling council, told the press on his way into the meeting that he supported Moroz as long as Moroz would support an orange coalition, but that he would resign from the party and refuse to serve in the next government if Moroz turned the party into a puppet of the Donetsk clan. After the Socialist Political Council broke up around 1700 local time, however, Moroz told the press it had just endorsed joining a "broad coalition," without defining what that coalition would be; Moroz added that he was on his way to the Rada for the joint meeting with Regions.

Other options?

19. (SBU) While outside commentators continued to express hope early on July 7 that the orange coalition was not beyond salvaging, the mood in the Rada starting from the July 6 vote

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suggested the orange coalition was indeed dead. Kushnaryov crowed about the end of the "orange horror" July 7. In her comments from the floor, Tymoshenko claimed that the July 6 vote that had elected Moroz Speaker was unconstitutional because the Socialists had not first formed a new coalition, hopefully suggesting that Yushchenko might dissolve the Rada as a result of the lack of a coalition. Moroz responded tartly that Tymoshenko's remarks made it sound like BYuT was leaving the coalition formed June 22, which would give other parties 30 days to form a new coalition (note: while there are formal procedures to be followed to disband an officially-registered Rada majority, they are simply formalities).

Where was Yushchenko? Whither Our Ukraine?

110. (C) During the July 6 drama, President Yushchenko was in Switzerland, unable to influence the rapid course of events; Nemyria told us at the Embassy's Independence Day reception that Tymoshenko had talked to Yushchenko by phone after the coalition agreement with Regions over division of Rada committees had been reached that morning. While we cannot say with certainty why Yushchenko was absent, we know that

Yushchenko has made repeated unpublicized visits to Switzerland for medical care related to his September 2004 dioxin poisoning. This would not be the first time Regions took advantage of his absence to win a key vote in the Rada; Regions worked with BYuT January 10 while Yushchenko was in Kazakhstan to vote to dismiss the Yekhanurov-led government over the January 4 gas deal with Russia. Even before the votes were counted July 6, Regions MPs started a whisper campaign that Yushchenko had blessed the Moroz-Regions maneuver in an alleged meeting with Regions' financier Akhmetov on the sidelines of Ukraine's June 30 World Cup match in Hamburg, Germany. By the morning of July 7, even OU and BYuT MPs were citing the alleged Yushchenko blessing to us, without professing inside knowledge, a sign of the disorientation within the orange camp. Yushchenko was back in Kiev by mid-day July 7 to meet with Speaker Moroz at the Presidential Secretariat, but hopes that the meeting might lead to the salvaging of an orange coalition were dashed when Moroz emerged after only ten minutes.

¶11. (C) Most of the speculation July 7 focused on what Our Ukraine would do next. A party member told us that the OU Caucus early July 7 was evenly split between those favoring joining a "broad" coalition with Regions and those behind going into orange opposition, reflecting well-known preferences dating back to the March election. Socialist MP Yaroslav Mendus, a close confidant of Moroz and fingered by Vinsky as one of the backchannel negotiators with Regions, predicted to us that BYuT would end up in opposition but that component parties of OU would likely join the emerging broad coalition one by one. Mendus speculated that the first would be Anatoliy Kinakh, s Party of Industrialists and Entrepreneurs (IEP); IEP held an emergency congress July 7, also attended by acting PM Yekhanurov, long a proponent of a broad coalition including Regions, and Presidential Chief of Staff Oleh Rybachuk, but Kinakh afterwards cagily did not tip his hand. Mendus suggested that, if OU joined with Regions and the Socialists to form a broad coalition, the Communists would not be included (note: there is long-standing animosity between the Communists and Socialists, and Regions' billionaire barons would rather work in government with OU's millionaires than with the Communists). At the end of July 7, formal moves to create a Regions-Socialists-Communist coalition notwithstanding, most observers expected a Regions-Socialist-partial Our Ukraine broad coalition eventually to emerge, with Tymoshenko and the Communists in the opposition.

¶12. (U) Visit Embassy Kiev's classified website at:
www.state.gov.gov/p/eur/kiev.
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